

DEPARTMENT OF THE ARMY  
Missouri River Division, Corps of Engineers  
P.O. Box 103, Downtown Station  
Omaha, Nebraska 68101

MRDRM-A

MRD Supplement 1  
to AR 11-7

28 February 1983

Army Program  
INTERNAL REVIEW

Further supplementation of this regulation is not permitted.

AR 11-7, 1 December 1978, as supplemented by OC11 Supplement 1, 29 May 1980, is further supplemented as follows:

Page 1-1, Paragraph 1-1, Purpose. Add the following: This supplement includes standard procedures for use by MRD Auditors when performing internal reviews.

Page 1-3, Paragraph 1-8, Training. Add the following: In order to assure that appropriate training courses are taken at each stage of career development each Resident Audit Office will maintain a list of all federally sponsored training courses completed by each member of the audit staff during the last 10 years. The list of completed courses will be used in conjunction with the MRD list of training courses suggested for auditors during their first five years of employment and the MRD list of courses suggested following the completion of five years of employment to maintain a schedule of courses planned for attendance during each fiscal year. A copy of the updated list of completed courses along with the annual schedule of planned courses for each member of the audit staff will be submitted to the MRD Audit Branch at the beginning of each fiscal year for use in evaluating the adequacy, necessity and reasonableness of request for approval to attend training courses. The MRD list of suggested training courses is neither all inclusive or final in nature; therefore, courses not listed thereon may be requested but must be accompanied by a justification statement explaining the need for the training course. The standard MRD format for the Annual Schedule of Federally Sponsored Training courses planned for attendance for each member of the Audit staff is shown at Appendix H.

Page 2-2, paragraph 2-6, Preparation and Use of Audit Guides. Add after subparagraph f, subparagraphs g, h, and i.

g. Within MRD the program outline consists of steps followed in the performance of audits and internal reviews. The steps set forth in the outline are the controlling factor in determining which review actions should be documented in the workpaper file and are utilized by the supervisor and authorized review organizations to evaluate the adequacy of coverage.

h. The Auditor-In-Charge will review the steps listed in program outlines for adequacy of work programmed for coverage prior to the start of the evaluation stage of the review. Ideally each step should be set forth in sufficient detail to provide the performing auditor guidance as to what, when, where, and why the specific review action is being performed. As a minimum, the first several steps of each mayor segment of the program outline should be reduced to writing, as a formal review program, so that the review may proceed in an orderly manner. Such a program is essential for full effectiveness and efficiency in conducting an internal review to insure that all necessary steps are performed and unnecessary work avoided. If necessary the review outline should be revised based on the adequacy of internal controls, problem areas identified, the scope of the operations and similar factors. If during the process of a review, findings indicate that the scope of the review should be expanded, the Auditor-in-Charge should be consulted to determine if the time estimated for completion of the review should be increased or adjustments made in the time to be devoted to other programmed components.

i. To the extent feasible, separate summary sheets, see Appendix D, should be used for each step listed in the program outline. The use of separate pages for each review step facilitates the assignment of workload when several auditors are working on the same review.

Page 2-3, Paragraph 2-10, Internal Review Reports. Add subparagraphs g after subparagraph f.

g. The following draft report procedure will be used when processing internal review reports that contain controversial findings and recommendations.

(1) Upon completion of the internal review but prior to the final exit conference, copies of the draft findings and recommendations will be distributed to all elements involved in the review.

(2) Written comments from operating elements regarding the draft findings and recommendations will be obtained by the Resident Audit Office within a maximum of thirty days from the issuance date of the draft report.

(3) The Audit Office should evaluate all operating element comments for applicability and responsiveness.

(4) An exit conference will be held with representatives from all involved operating elements. The discussion and resolution of any differences of opinion regarding the findings and recommendations will be the mayor emphasis of the meeting.

(5) The final report will then be prepared, to include: a. copies of all responses to the draft findings and recommendations; b. a summary statement of significant comments made during the exit conference relating to unresolved findings and recommendations; c. any audit rebuttal to operating elements comments; and, d. a request for a command decision on any unreeolved items. The final report will be forwarded to the Commander through the Chief, Resource Management Office, the Executive Officer or the Deputy District Commander, as considered appropriate, for final evaluation and a decision on the action to be taken on each recommendation.

(6) The Commander's final decision will be returned to the Audit Office for file and followup to operating elements for information on target dates for completion of actions necessary to comply with approved recommendations or the alternative corrective actions stated in the Commander's Endorsement.

Page 2-5, Paragraph 2-16. Follow-up. Add subparagraphs (3) and (4) after subparagraph e.

(3) Resident Audit Offices are responsible for noting on a follow-up control sheet to be attached to the left inside cover of each workpaper file the following information.

(a) The date that each follow-up was made.

(b) The person or persons contacted.

(c) The results of the follow-up review.

(d) The identity of the person making the follow-up.

(e) The proposed date for completion of open actions, required to comply with each recommendation.

(4) In addition to the follow-up control sheet described in subparagraph (3) above j Resident Audit Offices will prepare and submit to the Division Audit Office the following reports at the beginning of each quarter.

(a) A follow-up control report containing a list of reports for which response and/or report approval has not been received within 60 days following the issuance date of the report. The standard MRD format for the Follow-up Control Report is shown at Appendix I. In conjunction with the above action Resident Audit Offices will issue a written memorandum through the Commander to the responsible organizational element requesting information on the status of responses and/or report approvals that have not been received within 60 days following the issuance date of a report. When staff responses and/or report approval still have not been received within 90 days following the issuance date of a report the Resident Audit Office will promptly issue a written memorandum to the Commander requesting assistance in finalizing the report. Copies of the memorandum will be furnished to the responsible organization, the Chief of the District Resource Management Office and the MRD Audit Branch.

(b) A follow-up control report that contains a list of reports and detail list of approved recommendations in each report that has not been complied with by the agreed-on target date for completing the required corrective actions. The standard MRD format for the Follow-Up Control Report is shown at Appendix J. When corrective actions on approved recommendations are not completed by the initial target date, the Resident Audit Office will in conjunction with the responsible organization and appropriate authorities establish a revised target date for accomplishment of the required corrective actions. When corrective actions on approved recommendations are not completed by the second target date, a memorandum or a follow-up report listing the actions required to comply with each recommendation will be issued to the Commander with a request for assistance in finalizing the report. Copies of the memorandum or the follow-up report will be furnished to the responsible organization, the MRD Audit Branch, and the Chief of the District Resource Management Office.

Page B-2, Paragraph 4, Physical Characteristics. Add subparagraphs (5), (6), and (7) after subparagraph d(4).

(5) The standard MRD format for working paper files and for the workpaper summary sheet to be used for mayor items or segments of the program outline is shown in Appendix D.

(6) The standard MRD indexing method is shown in Appendix E.

(7) The standard working paper numbering system within MRD is shown in Appendix F.

Page C-6, Paragraph 6, Numbering the Report. Add after subparagraph b, subparagraph c.

c. The standard MRD report numbering system is shown in Appendix G.

FOR THE COMMANDER:

APP D  
Thru J

DISTRIBUTION:

/s/  
DONALD M. HARRIS  
Colonel, Corps of Engineers  
Deputy Commander

DISTRIBUTION:

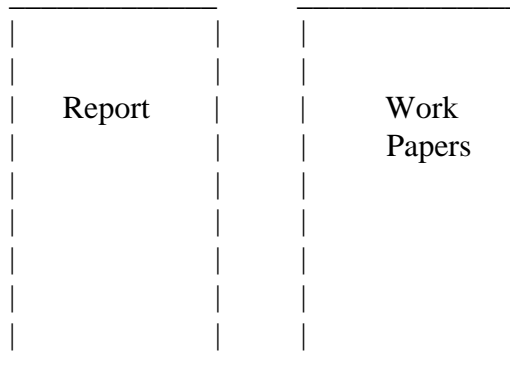
B  
D  
1 cy each to DAEN-ASP-R and DAEN-RMA

## APPENDIX D

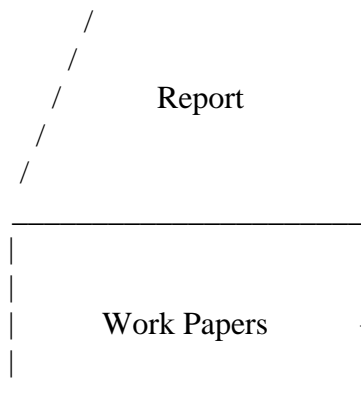
### Format Working Papers File

Sample audit folder, format for working papers.

#### Legal size file folder



#### Book type file folder



Format for Work Paper Summary Sheets

Report No. \_\_\_\_\_

Prepared by: \_\_\_\_\_

Date prepared: \_\_\_\_\_

(This is the first page of each segment, H thru Z of work papers.)

HEADING (for all work papers)

Title of Internal Review or Activity being Audited: Name of Activity Being Reviewed, Contract, Account, Major Subdivision: Area of Internal Review or Audit, Period Reviewed: (Applicable to supporting schedules and analysis tabulations)

DOCUMENTATION (content of work paper summaries)

Purpose: Reason for documentation (reference program outline items).

Scope: What examination consisted of, volume of transactions or vouchers involved, number and percentage of documents tested, basis for selection, period of time, etc.

Source: Identity of specific invoice file, record, etc., reviewed if not indicated in headings or special notes. (Applicable to documentation supporting summary sheets such as schedules prepared or compiled by reviewer and to data furnished by the activity.)

Conclusions: Narrative explanation or summary results of tests or analysis as evidenced on referenced exhibits or schedules. Number of discrepancies, exceptions, errors, etc., and legend of tick marks and other symbols used. When data bearing on conclusions are contained only in records of the activity, work papers should clearly identify the pertinent records and/or documents. References to applicable authority or regulations.

Recommendations

APPENDIX E

Indexing

(This is the first page of working paper side of the file folder for internal reviews.)

INDEX

<u>Report Para.</u>	<u>W/P Ref.</u>	<u>Item</u>
	A	Index (to W/P file)
	B	Summary results (cross referenced to W/P's)
	C	Basis for review and/or request for review
	D	Internal Review program outline (cross referenced to W/P)
	E	Time control sheet (detail)
	F	Conference notes/correspondence/general information
	G	Operating procedures and regulatory references
	H thru Z	Major segments of the internal review corresponding to internal review program outline (D above)

Supervisory review by: Name \_\_\_\_\_ Date \_\_\_\_\_

Total Work-Days Estimated \_\_\_\_\_; Used \_\_\_\_\_

## APPENDIX F

### Working Paper Numbering System

Purpose: To show example of expandable numbering system for working papers (w/p)

#### Index Numbers for W/P Summaries (Pages H thru Z as needed)

H-1, I-1, J-1, etc. For one page of a series of w/p's in a segment.

H-1, H-2, H-3, etc. For two or more w/p summary pages in same segment.

#### Index Numbers for W/P Pages Supporting Summary W/P Conclusions

H-1, H-1, H-1, etc. For schedules, analysis sheets, tabulations, exhibits, etc.  
1 2 3

#### Additional W/P Index Numbers (As Needed)

H-1, H-1, H-1, etc. For Still further expansion.  
1-1 1-2 1-3

All work papers should be on a uniform paper size.

All work papers should be securely attached in a properly identified legal size audit file folder.



APPENDIX G

Report Numbering System

Fiscal Year <u>      </u>	MRD Audit Branch <u>MRDRM-A</u>	Omaha Resident Audit Office <u>MRDRM-AO</u>	KC Resident Audit Office <u>MRKRM-AK</u>	Report No. Current <u>FY</u>
83	RMA	RMAO	RMAK	-1, -2, -3, etc.

SAMPLE: Report No. 4 for the Kansas City Resident Audit Office would be RMAK 83-04.

APPENDIX H

OFFICE: \_\_\_\_\_

SCHEDULE OF FEDERALLY SPONSORED TRAINING COURSES  
PLANNED FOR ATTENDANCE DURING FY \_\_\_\_\_

<u>COURSE TITLE &amp; SPONSOR</u>	<u>COURSE</u> <u>DATE</u> <u>HOURS</u>	<u>EMPLOYEE</u>	<u>DATE</u> <u>COMPLETED</u>	<u>COURSE</u> <u>EVALUATION</u>
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(Prepare horizontally on legal size paper.)

APPENDIX I

\_\_\_\_\_ Resident Audit Office \_\_\_\_\_ Quarter FY \_\_\_\_\_  
Follow-Up Control on Report Responce and Report Approvals by Staff and the DE Date \_\_\_\_\_

Report	Type of	Report	Response	Date	Date	First	Second	Third	Comments on
<u>No.</u>	<u>Title</u>	<u>Report</u>	<u>Requested</u>	<u>Response</u>	<u>Report</u>	<u>Follow-Up</u>	<u>Follow-Up</u>	<u>Follow-Up</u>	<u>Reason for Delay</u>
			<u>By</u>	<u>Received</u>	<u>Approved</u>	<u>BY DATE</u>	<u>BY DATE</u>	<u>BY DATE</u>	

(Prepare horizontally on legal atze paper.)

APPENDIX J

\_\_\_\_\_ Resident Audit Office \_\_\_\_\_ Quarter FY \_\_\_\_\_  
Follow-Up Control on Reports Containing Recommendations That Date: \_\_\_\_\_  
Require Corrective Actions by Responsible Organizations

Report	Type of	Responsible	Target	Date	First	Second	Third	Comment on Reasons For		
<u>No.</u>	<u>Title</u>	<u>Report</u>	<u>Organization</u>	<u>Date</u>	<u>Compliance</u>	<u>Actions</u>	<u>Follow-Up</u>	<u>Follow-Up</u>	<u>Follow-Up</u>	<u>Non-Compliance and</u>

(Prepare horizontally on legal size paper.)